



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

May 27, 2010

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From: William T Fujioka  
Chief Executive Officer

## JUNE 8, 2010 PRIMARY ELECTION BALLOT MEASURES

This is to provide you with information about the five Statewide propositions on the June 8, 2010 Primary Election Ballot. No County position has been taken on any of these measures.

The official titles of the measures are:

**Proposition 13:** Limits on Property Tax Assessment. Seismic Retrofitting of Existing Buildings. Legislative Constitutional Amendment. – **No Position**

**Proposition 14:** Elections. Primaries. Greater Participation in Elections. Legislative Constitutional Amendment. – **No Position**

**Proposition 15:** California Fair Elections Act. Legislative Initiative Amendment. – **No Position**

**Proposition 16:** Imposes New Two-Thirds Voter Approval Requirement for Local Public Electricity Providers. Initiative Constitutional Amendment. – **No Position**

**Proposition 17:** Allows Auto Insurance Companies to base their prices in part on a driver's history of insurance coverage. Initiative Statute. – **No Position**

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Attachment I includes a summary of each proposition and comments from affected County departments.

If you have any questions, please contact me or your staff may contact Manuel Rivas, Jr., of my staff, at (213) 974-1464.

WTF:RA  
MR:RM:er

Attachment

c: Executive Office, Board of Supervisors  
County Counsel

## ATTACHMENT I

**PROPOSITION 13: LIMITS ON PROPERTY TAX ASSESSMENT. SEISMIC RETROFITTING OF EXISTING BUILDINGS.** Legislative Constitutional Amendment. –  
COUNTY POSITION: **NONE**

PROPOSITION 13, as authorized by SCA 4 (Resolution Chapter 115, Statutes of 2008), would amend the State Constitution relating to the current property tax exemption for certain seismic safety improvements to provide a single exclusion for seismic safety upgrades on existing buildings. The measure would: 1) provide that construction to seismically retrofit existing buildings would not trigger reassessment of property tax value, regardless of the type of building; 2) set a Statewide standard for the types of seismic retrofit improvements exempt from reassessment; and 3) limit the exemption from reassessment to specific components of construction or reconstruction that qualify as seismic retrofit improvements, as defined by the Legislature.

**Legislative Analyst's Office Report.** The Legislative Analyst's Office (LAO) reports that Proposition 13 would delete two existing exclusions in the State Constitution from the new construction rule regarding earthquake safety upgrades on existing buildings and replace them with a single exclusion. This exclusion would not be time-limited and would last until the property is sold. The LAO indicates that in current law, there are two exclusions from property reassessment for improvements made for seismic safety purposes. The first one excludes earthquake safety upgrades on unreinforced masonry buildings that are required by local ordinances. Such upgrades are excluded from reassessments for a period of 15 years. The second excludes from reassessment other earthquake safety modifications to any type of building and has no time limit. Both exclusions apply only until the property is sold.

The Legislative Analyst's Office indicates that Proposition 13 has the practical effect of removing the 15-year limit to the exclusion for safety upgrades on unreinforced masonry buildings. The measure would allow properties with masonry buildings currently receiving an exclusion from reassessment of 15 years for earthquake upgrades to extend this exclusion beyond the 15 year-period and it would continue until the property changes ownership. The measure also would allow any properties with future masonry upgrades to receive reassessment exclusions with no time limit. The LAO indicates this would reduce local property tax revenues to the extent that properties are no longer reassessed at higher values after 15 years. According to the LAO, many county assessors have indicated that they either: 1) do not track the number of years that unreinforced masonry upgrades have received an exclusion; or 2) classify these upgrades as maintenance or repair. In addition, many properties sell before the 15-year period is up, which triggers a reassessment of the entire property. For these reasons, the LAO estimates that the loss to local property taxes as a result of this measure is probably minor.

**Affected Departments.** The Assessor's Office indicates that Los Angeles is one of many counties that have not been reassessing the retrofitting of non-reinforced masonry buildings. According to the Assessor's Office, Proposition 13 would not result in a loss of revenue for the County. The Treasurer and Tax Collector and Auditor-Controller offices indicate Proposition 13 would have no direct impact on their departments.

**Support and Opposition.** Proposition 13 is supported by State Senator Roy Ashburn, San Luis Obispo County Assessor Tom J. Bordonard, Jr., Chief-Deputy Board Member Board of Equalization District 2 Barbara Alby, California Assessor's Association, California Democratic Party, Los Angeles County Democratic Party, Democratic Party of the San Fernando Valley, the California Republican Party, CalChamber, California Federation of Teachers, California Farm Bureau Federation, California Labor Federation, Local 270, and Libertarian Party of California.

The measure is opposed by the California Nurses Association.

**PROPOSITION 14: ELECTIONS, INCREASES RIGHT TO PARTICIPATE IN PRIMARY ELECTIONS.** Legislative Constitutional Amendment. – COUNTY POSITION: **NONE**

PROPOSITION 14, as authorized by SCA 4 (Chapter 2 of 2009), would change the primary election process for most Federal and State offices. This proposition would allow voters to choose any candidate regardless of the candidate's or voter's political party preference. It would stipulate that the two candidates receiving the greatest number of votes will appear on the general election ballot regardless of party affiliation.

**Legislative Analyst's Office Report.** The LAO indicates that Proposition 14 would amend the State Constitution by changing the election process for most State and Federal offices. The Proposition's provisions and related legislation, SB 6 (Chapter 1 of 2009), which provides for its implementation, would take effect for elections held after January 1, 2011.

Primary and General Elections. According to the LAO, California generally holds two Statewide elections in even-numbered years to elect candidates to State and Federal offices. A primary election is held in June and a general election in November. These elections, as well as those for Governor and members of Congress, are partisan, with most candidates associated with a particular political party. For partisan offices, the results of a primary election determine each party's nominee for the office. The candidate receiving the most votes in a primary election becomes the party's nominee for the general election. In California's current primary system, unaffiliated voters (decline to state or voters not affiliated with one of the six qualified political parties) are provided an opportunity to vote in partisan primaries if the qualified parties choose to allow unaffiliated voters to cast a party ballot.

In the general election, voters choose among all of the parties' nominees, as well as any independent candidate. The winner of the general election then serves a term in office.

Ballot Materials Under the Current Primary System. Currently, each county prepares a ballot and related materials for each political party for every primary election. Voters who are affiliated with one of the qualified political parties receive their party's ballot, which also includes partisan offices, nonpartisan offices, and propositions. Voters with no party affiliation receive ballots related only to nonpartisan offices and propositions. Political parties may allow voters with no party affiliation to receive their party's ballot.

Partisan Statewide Elections in California. Partisan elections for State office include those for the Governor, Lieutenant Governor, Controller, Secretary of State, Treasurer, Insurance Commissioner, Attorney General, the 120 members of the Legislature, and four members of the State Board of Equalization. Partisan elections are also held for the Offices of President of the United States, Vice President, and Members of Congress.

Fiscal Effect. This measure would change how elections officials prepare, print, and mail ballot materials. In some cases, these changes could increase State and local government costs. For instance, under this measure, all candidates regardless of their party preference would be listed on each primary election ballot. This would make these ballots longer. In other cases, the measure would reduce election costs. For example, by eliminating in some instances the need to prepare different primary ballots for each political party, counties would realize savings. For general election ballots, the measure would reduce the number of candidates by only having the two candidates who received the most votes from the primary election on the ballot. This would make these ballots shorter. According to the LAO, the direct costs and savings resulting from this measure would be relatively minor and would tend to offset each other. Accordingly, the LAO estimates that the measure's fiscal effects would not be significant for the State and local governments.

**Affected Departments.** The County Registrar Recorder/County Clerk (RR/CC) determined, after conducting an exercise simulating the implementation of the new ballot design requirements under Proposition 14, that the Department's current voting system lacked the physical capacity and technical flexibility needed to fully implement the new requirements. The simulation results demonstrated that if the proposed open primary process were in place in 2006, the RR/CC's voting system would not have been able to accommodate all of the contents and measures on the ballot. A major element of implementation is the requirement calling for the addition of ballot box text in large font and candidates' party preference statements. These new ballot text requirements are beyond the capacity of current voting systems, which will present a problem if Proposition 14 is passed.

Additionally, the RR/CC indicates that while Proposition 14 would amend the primary process, the accompanying legislation, SB 6 (Chapter 1 of 2009) requires a number of substantive technical changes affecting voter registration forms and ballots.

In conclusion, the RR/CC indicates that the initial assessments suggest that election officials will be required to reconfigure complex ballot layout and tally systems, which

has a potential of triggering unanticipated technical and fiscal challenges for all counties.

**Support and Opposition.** Proposition 14 is supported by Governor Arnold Schwarzenegger, Lieutenant Governor Abel Maldonado, Assembly Member Ted Lieu, former State Controller Steve Westly, Los Angeles County Sheriff Leroy Baca, the California Asian Pacific Chamber of Commerce, the California Business Roundtable, California Forward, the Los Angeles Area Chamber of Commerce, the California Farm Bureau, the California Coalition of Law Enforcement Associations, the Orange County Chamber of Commerce, the Los Angeles County Business Federation, the Association of American Retired Persons, the California Alliance for Jobs, California Chamber of Commerce and others.

Proposition 14 is opposed by the California State Firefighters' Association, the California School Employees Association, the United Nurses Association/Union of Health Care Professionals, the Howard Jarvis Taxpayers Association, the California Democratic Party, and the California Republican Party.

**PROPOSITION 15: CALIFORNIA FAIR ELECTIONS ACT.** Legislative Constitutional Amendment. – COUNTY POSITION: **NONE**

PROPOSITION 15, as authorized by AB 583 (Chapter 735 or 2008), would create a voluntary pilot program specific for the Secretary of State (SOS). Specifically, this measure would: 1) repeal the ban on public funding of political campaigns; and 2) create a voluntary system for candidates for the SOS to qualify for a public campaign grant if the candidates agree to strict spending limits and take no private contributions. Participating candidates would be prohibited from raising or spending money beyond the grant. This Proposition would be funded by voluntary contributions and by a \$350 annual registration fee on lobbyists, lobbying firms and lobbyists' employers.

**Legislative Analyst's Office Report.** The LAO indicates that existing law bans the use of public funds for political candidates' campaigns. This ban extends to all elected offices at the State level. The States' campaign finance laws are administered by the Fair Political Practices Commission and the SOS. Under current law, individuals and groups must disclose how much money they receive and spent on political campaigns.

Proposition 15 would create a voluntary system for SOS candidates to qualify for a public finance grant if they agree to limitations on spending and private contributions. The SOS is elected Statewide every four years and serves as the State's Chief Elections Official and is charged with monitoring lobbyists' activities. Every two years, lobbyists, lobbying firms and lobbyists' employers are required to register with the SOS. Currently, there is a \$25 fee per lobbyist to cover administrative expenses related to registration.

Public Funding Levels and Requirements for Primary Election Campaigns. The measure would establish that to receive public funds for a primary election campaign,

a candidate for SOS would have to collect a certain number of \$5 contributions from registered voters. Candidates seeking a nomination from a major party, defined as the Republican and Democratic parties, must collect 7,500 qualifying contributions (\$37,500). Candidates from other parties must collect 3,750 qualifying contributions (\$18,750).

Use of Funds. Public funds from voluntary contributions and from the \$350 annual registration fee on lobbyists, lobbying firms and lobbyists' employers could only be used for direct campaign expenses.

Other Requirements. Publicly funded candidates would have to participate in debates with other candidates before each election and would be required to submit campaign expenditure records to the Fair Political Practices Commission.

Expiration. The provisions of this measure would expire on January 1, 2019 and could be extended through legislation. Public financing would be in place for the 2014 and 2018 elections.

Fiscal Effect. The LAO estimates that this measure would raise in excess of \$6 million every four years. This includes funds collected from lobbyists and qualifying contributions.

**Affected Departments.** The RR/CC indicates that the Department would be required to certify eligibility for Fair Election funds for all candidates who file a declaration of candidacy. At the moment, it is unknown if the implementation of these new requirements would result in additional operational costs. Additionally, the measure would allow candidates to include a candidate statement and a list of up to 10 endorsers in State voter pamphlets or sample ballots. Non-participating candidates who wish to include statements and endorsement lists will need to pay a fee. However, the Proposition is unclear whether counties would be permitted to collect fees from participating candidates.

**Support and Opposition.** Proposition 15 is supported by several groups, including the Association of American Retired Persons, the American Federation of State, County, and Municipal Employees, the California Clean Money Campaign, California Common Cause, California Nurses Association, League of Women Voters of California, the Sierra Club, Equal Justice, and the California Democratic Party.

Proposition 15 is opposed by the California Manufacturers and Technology Association, the California Senior Advocates League, and the California Republican Party.

**PROPOSITION 16: LOCAL PUBLIC ELECTRICITY PROVIDERS. Statute. – COUNTY POSITION: NONE**

PROPOSITION 16, also known as the Taxpayers Right to Vote Act, would amend the State Constitution to require a two-thirds approval of local voters before the selling

of bonds, incurring of any debt or liability, and/or the use of public funds for the following: 1) a local agency to establish a Community Choice Aggregation (CCA) Program; 2) a local agency to use public funds to become a CCA; 3) a local agency to create a municipal utility; 4) a Municipally Owned Utility (MOU) to expand its existing service area to a new territory (annexation) and/or to add new customers in existing territory; and 5) an MOU to acquire, construct, or expand facilities to establish or expand electricity delivery service unless previously approved by two-thirds of the voters.

Background. Californians generally receive their electricity service from one of three types of providers: Investor Owned Utilities (IOUs), local publicly owned (municipal) utilities, or Electric Service Providers (ESPs). The State's three largest electricity IOUs include: Pacific Gas and Electric (PG&E), Southern California Edison, and San Diego Gas and Electric. Each has a unique, defined geographic service area and is legally required to serve customers within their respective service areas. The California Public Utilities Commission (PUC) regulates IOUs' rates and how their electricity service is to be provided to their customers. These conditions on electricity rates and provision are commonly referred to as Terms of Service.

A municipal electric utility is a local governmental entity that provides electricity service to residents and businesses in its local area. Major municipal electric utilities include the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District (SMUD). Smaller municipal utilities include the Azusa, Burbank, Cerritos, Glendale, Pasadena, and Vernon Departments of Water and Power. While not regulated by the PUC, municipal electric utilities are governed by locally elected boards which set their own terms of service, including the rates charged to their customers.

The Electric Service Providers provide retail electricity service to customers who have chosen not to receive service from the utility that serves their area, but instead have entered into direct access contracts with ESPs that deliver electricity through the local utility's transmission and distribution system. In response to the energy crisis that arose in late 2000, State law since 2001 has suspended new direct access for IOUs customers. This suspension may continue until 2015. Currently, the IOUs account for about 68 percent of retail electricity sales in the State, municipal utilities account for around 24 percent, and ESPs account for around 8 percent.

The Creation and Expansion of Publicly Provided Electricity Services. In addition to the ESPs arrangements discussed above, State law allows a city or a county, or a combination of the two, to arrange to provide electricity within their jurisdiction through a contract with an electricity provider other than the IOUs that would otherwise serve that local area. This is referred to as Community Choice Aggregation (CCA). Although only one CCA currently exists to provide electricity in California, several communities are exploring this option. A CCA could get its electricity from an ESP, using the transmission and distribution system of the IOUs serving that local area. Electricity customers within that area would automatically get their electricity from the CCA unless they elected to continue to receive service from the IOUs.



Voter Approval Requirements for Publicly Owned Electricity Providers. Various statutes specify whether voter approval is required for the start-up of electricity service by authorized local government entities. Under State law, if a local government intends to expand its electricity service into a new territory, that new area must be annexed and, in certain cases, a majority of the voters in the area proposed for annexation must approve the expansion. In such cases, however, no vote of the public is generally required within the existing service territory of the local governmental entity that is proposing the expansion. In some cases, a local commission requires such a vote as a condition of approving the annexation. In contrast, local agency action to create and begin implementation of a CCA may be undertaken upon a vote of the local agency governing board and does not require local voter approval.

Proposition 16 places new voter approval requirements on local governments before they can use public funds, defined broadly to include tax revenues, various forms of debt, and rate-payer refunds to start up electricity service, expand electricity service into a new territory, or implement a CCA. Approval of two-thirds of the voters in the area proposed to be served would be required before an authorized local government entity can start up electricity service. Approval of two-thirds of the voters in that area currently served by the utility and two-thirds of the voters in the new proposed area to be served would be required before an existing publicly owned utility can expand its electric delivery service into a new territory. In addition, two-thirds voter approval is also required for a local government to implement a CCA.

The three exemptions to local governments from these voter approval requirements are as follows: 1) if the use of public funds has been previously approved by the voters both within the existing local jurisdiction and the territory proposed for expansion; 2) if the public funds would be used solely to purchase, provide, or supply specified types of electricity from renewable sources, such as wind or solar power; and 3) if the public funds would be used only to provide electric delivery service for the local governments own use.

**Legislative Analyst's Office Report:** According to the LAO, Proposition 16 could affect local government costs and revenues due to its potential effects on the operation of publicly owned utilities and CCAs. It could also affect the finances of State and local government agencies in the State because of its potential impact on electricity rates. These effects would largely depend upon future actions of voters and local governments.

According to the LAO, a limited number of local governments in the State have explored the idea of creating new public providers of electricity or expanding publicly owned utilities into new territory currently served by IOUs. For example, the City and County of San Francisco has considered creating a CCA that would include territory currently served by PG&E. In addition, Yolo County explored having the SMUD provide electricity service to territory within the county currently served by PG&E. In some cases, these proposals have been put before the voters for their approval.

The Legislative Analyst's Office indicates that the new public voter approval requirements for the start-up or expansion of publicly owned utilities or the implementation of CCAs could result in public disapproval of such changes because of the required two-thirds vote. Also, the existence of these new voter approval requirements could deter some local government agencies from proceeding with such plans. To the extent that this occur, local government agencies would be somewhat smaller in size and have fewer customers than would otherwise be the case. As a result, they would have lower total revenues but potentially higher per customer costs.

In addition, the LAO indicates that the enactment of this measure could also affect the finances of State and local government agencies due to its potential impact on electricity rates. If local agencies decide not to startup or expand service or implement a CCA because of the voter requirements, the rates paid by customers in that and neighboring jurisdictions could be higher or lower than would otherwise have been the case.

For example, if Proposition 16 prevented the expansion of publicly provided electrical service that depended upon the construction of new energy infrastructure, rates might be held lower than might otherwise occur. On the other hand, if this measure lessened the competitive pressures on private electricity providers by reducing the opportunities for expansion of publicly provided electrical service, the rates charged to electricity customers might eventually be higher than otherwise. These impacts could affect State and local government costs, since many public agencies are themselves large consumers of electricity. To the extent that changes in electricity rates affect business profits, sales, and taxable income, these factors could also affect State and local tax revenues.

Overall, the LAO indicates that the net fiscal effect of all these factors on the finances of State and local government agencies is unlikely to be significant on a Statewide basis. This is due to the relatively limited number of local government agencies considering the start-up or expansion of electricity services into new territory. The net fiscal effect of the measure is unknown and would depend on future actions of local governments and voters.

**Affected Departments.** The Internal Services Department (ISD) indicates that the investigation and formation of a CCA remains a strategy that ISD is considering on behalf of the County unincorporated area ratepayers and possibly in partnership with cities. The goals of a County CCA would include: potentially lower electric rates, greater amounts of renewable resources provided (which will reduce green house gases), increased energy efficiency programs, and electric rates designed for growth or business developments. ISD's investigation of a CCA has been described in past semi-annual Energy & Environmental Policy Team reports to the Board of Supervisors. Although ISD is not prepared to recommend moving forward on a CCA Program, it remains a viable option to accomplish the goals described above. However, ISD states that Proposition 16 would make it very difficult for local agencies to become a CCA provider because of the two-thirds vote requirement.

Currently, there are 12 MOUs and one Joint Powers Authority in Southern California. These include the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, as well as the Imperial Irrigation District and Southern California Public Power Authority. The County obtains electricity from seven of these utilities, including the largest, the Los Angeles Department of Water and Power. ISD indicates that Proposition 16 could raise the MOUs costs by requiring a two-thirds approval for upgrades and the expansion of services into new service territories. It could place MOUs at a competitive disadvantage with IOUs, and raise the County's costs for electricity in facilities located within these MOUs service areas. Proposition 16 could limit or significantly impede business expansion within MOUs jurisdictions which could limit or reduce tax revenues in these areas.

The Internal Services Department indicates that Proposition 16 would make it more difficult for the County to potentially establish a CCA, and greatly restrict the County's options to lower utility bills, create greater renewable resources, and enhance energy efficiency for its constitutions.

**Support and Opposition.** Proposition 16 is supported by California Taxpayers' Association; California Chamber of Commerce; Pacific Gas and Electric; California Business Properties Association; California Metals Coalition; Building Owners & Managers Association of California; Asian Business Association Los Angeles; Bay Area Business Roundtable; Bay Area Council; Neighborhood Market Association; the California Republican Party; and Chambers of Commerce such as: Bell Gardens Chamber of Commerce, Brentwood Chamber of Commerce, Greater Los Angeles African American Chamber of Commerce, San Francisco Chamber of Commerce; and others.

Proposition 16 is opposed by the California State Association of Counties; League of California Cities; California Municipal Utilities Association; Northern California Power Agency Commission; Southern California Public Power Authority; California Special District Association; over 25 cities, including the Cities of Pasadena and Glendale; Association of California Water Agencies; California Manufacturers & Technology Association; California Association of Realtors; California Farm Bureau; Greater Riverside Chamber of Commerce; California Labor Federation; California Federation of Teachers; California Nurses Association; United States Congressman John Garamendi; California State Senate President Pro Tempore Darrell Steinberg; California State Senator Mark Leno; California State Assembly Members Jared Huffman and Mariko Yamada; Santa Monica Mayor Pro Tempore Pam O'Connor; Santa Monica City Councilmember Richard Bloom; Santa Monica City Councilmember Kevin McKeown; California League of Conservation Voters; the California Democratic Party; California Sierra Club; and various energy policy leaders, civic organizations and individuals.

**PROPOSITION 17: ALLOWS AUTO INSURANCE COMPANIES TO BASE THEIR PRICES IN PART ON A DRIVER'S HISTORY OF INSURANCE COVERAGE. Initiative Statute. – COUNTY POSITION: NONE**

PROPOSITION 17 would give insurance companies the right to offer persistency discounts to customers of other insurance companies who have not let their policies lapse for more than 90 days in the previous five-year period. Persistency discounts are for those drivers who have had continuous or nearly continuous auto insurance coverage. Under current law, an insurance company can offer a persistency discount to its own customers, but under the terms of the Insurance Rates Reduction and Reform Act of 1988 (Proposition 103), auto insurance companies cannot offer that same discount to new customers who had continuous coverage for some period of time but provided by a different auto insurance company.

Background. In 1988, California voters passed Proposition 103, which requires the Insurance Commissioner to review and approve rate changes for certain types of insurance, including automobile insurance. Proposition 103 also requires that rates and premiums for automobile insurance policies be set by applying the following rating factors in decreasing order of importance: 1) the insured's driving safety record; 2) the number of miles driven each year; and 3) the number of years driven. The Insurance Commissioner may adopt additional rating factors. Currently, 16 optional rating factors may be used to determine automobile rates and premiums. For example, insurance companies may provide discounts to individuals for being long-term customers. However, insurance companies are prohibited from offering this kind of discount to new customers who switch from other insurance carriers.

In addition, Proposition 103 contained a provision related to individuals who were previously uninsured. Specifically, Proposition 103 prohibits insurance companies from using the information that an individual did not previously have automobile insurance to: 1) determine whether the individual is eligible for coverage; or 2) decide the premiums charged for coverage.

Proposition 17 amends the Insurance Rates Reduction and Reform Act of 1988 to allow an insurance company to offer a continuous coverage discount on automobile insurance policies to new customers who switch their coverage from another insurer. If an insurance company chooses to provide such a discount, it must be based on the length of time the customer continuously had bodily injury liability coverage. Customers would generally be eligible for this discount as long as their coverage had not lapsed for more than 90 days in the past five years, except if any lapse was the result of a failure to pay the premium. Also, customers would be eligible for this kind of discount if a lapse in coverage was due to military service in another country. Children residing with a parent could qualify for the discount based on their parent's eligibility.

Insurance Premium Tax. Insurance companies doing business in California currently pay an insurance premium tax instead of the State Corporate Income Tax. The tax is based on the amount of insurance premiums earned in the State each year for automobile insurance, as well as for other types of insurance coverage. In 2008, insurance companies paid about \$247 million in premium tax revenues on automobile policies in California. These revenues are deposited into the State General Fund.

**Legislative Analyst's Office Report.** The LAO indicates that Proposition 17 could result in a change in the total amount of automobile insurance premiums earned by insurance companies in California. Therefore, the amount of premium tax revenues received by the State may be impacted.

The provision of continuous coverage discounts could reduce premium tax revenues received by the State. However, this would depend on the extent to which insurance companies choose to offer such discounts to their customers and the size of the discounts provided. Insurance companies offering such discounts could make up for some or all of these discounts by charging higher premiums to some of its other customers.

The Legislative Analyst's Office indicates that the net impact on State premium tax revenues from this measure would probably not be significant because premiums are predominately determined by other factors, such as driver safety, the number of miles driven, and years of driving experience and these factors are unaffected by the measure.

**Affected Departments.** According to Chief Executive Office Risk Management Branch, Proposition 17 would have no direct affect on County departments.

**Support and Opposition.** Proposition 17 is supported by Californians for Fair Auto Insurance Rates Coalition which includes: Mercury Insurance; Consumers Coalition of California; California Alliance for Consumer Protection; Consumers First; California Senior Advocates League; American GI Forum; California Chamber of Commerce; Small Business Action Committee; California Black Chamber of Commerce; California Hispanic Chambers of Commerce; California Mexican-American Chamber of Commerce; League of United Latin American Citizens and the California Republican Party. Additionally, this measure is supported by Jim Conran, Former Director of California Department of Consumer Affairs; Allan Zaremborg, President of California Chamber of Commerce; Joel Fox, President of Small Business Action Committee; John T. Kehoe, President of California Senior Advocates League; Willie Galvan, State Commander of American GI Forum of California and Tom Hudson, Executive Director of California Taxpayer Protection Committee.

Proposition 17 is opposed by the California Labor Federation and California Democratic Party; by John Garamendi, Former Insurance Commissioner of State of California; John Van De Kamp, Former Attorney General of State of California; Harvey Rosenfield, Founder of Consumer Watchdog; Elisa Odabashian, Director of West Coast Office and State Campaigns Consumers Union; and Jon Soltz, Chairman of VoteVets.org.